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NEWS SUMMARY:

A federal grand jury in Milwaukee has added three new charges to the indictment against former State Senator Gary R. George, the United States Attorney's Office announced today.

On November 19, 2003, the grand jury returned an indictment that charged Gary George with two counts of conspiracy. The first count alleged that George conspired to defraud the State of Wisconsin while serving as a state senator. The second count alleged that George conspired to obtain kickbacks from legal fees paid by the Police Athletic League.

In the three new counts, the grand jury alleged:

- Gary George directed the rigging of bids for the \$5 million construction of a Police Athletic League youth center on Burleigh Street in Milwaukee;
- Gary George received a \$2,500 kickback from \$17,699.00 paid by the State of Wisconsin to George's attorney in connection with a federal redistricting lawsuit; and
- Gary George engaged in money laundering with respect to funds sent to Atlantic Broadcasting Corporation, a Virgin Island's television station controlled by the George family.

Count -Three: Police Athletic League Bid Rigging:

The indictment alleges that between January 1, 2002, and on or about September 1, 2003, Gary George, as part of his position on the Police Athletic League (PAL) board, had authority over the selection of a construction contractor for the building a Youth & Family Activity Center. As part of the selection process, George directed an aide, David Begel, to devise a scoring system that would ensure that Central City Construction, Inc. was selected as the contractor. According to the indictment, Begel did as he was told. Begel has been given immunity in the investigation of this case.

Count-Four: Redistricting Lawsuit Kickback;

Attorney Mark E. Sostarich represented Gary George in a federal lawsuit (Case No. 01-C-121, Eastern District of Wisconsin), involving the determination of boundaries for legislative districts. The indictment alleges that on or about December 20, 2002, the Wisconsin State Senate approved the payment of Sostarich's legal fees for work on the case; on or about December 2002, the State of Wisconsin issued a \$17,669.35 check to Sostarich's law firm; and on or about February 17, 2003, George obtained \$2,500 of these funds from Sostarich.

Count-Five: Monday Laundering;

The indictment further alleges that, Gary George conducted a financial transaction using the proceeds from an unlawful activity. The transaction involved the movement of funds (a check) from the owner of several Wisconsin businesses (Businessman A described in Count One of the indictment), through the bank account of Atlantic Broadcasting Corporation, to a bank account at Legacy Bank under the name of Attorney Gary R. George.

As a result of the new charges, George now faces up to 50 years imprisonment and fines of \$1.5 million. His next court appearance is January 15, 2004.

The case was investigated by the Federal Bureau of Investigation and Criminal Investigation Division of the Internal Revenue Service. Also participating in the investigation of this matter were state officials, including agents of the Wisconsin State Ethics Board.

The public is cautioned that an indictment is merely the formal method of returning charges against an individual and does not constitute inference of his or her guilt. An individual is presumed innocent until such time, if ever, that the government established his or her guilt beyond a reasonable doubt.

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